

Dan C. Lofgren, Chairman
Kevin S. Carter, Director

Agenda for Board of Trustees
School & Institutional Trust Lands Administration
675 East 500 South, Salt Lake City, Utah
August 16, 2012

AGENDA

Attending:

Board

Dan Lofgren
Steve Ostler
James Lekas
Louis Cononelos
Mike Mower
Dave Ure
Tom Bachtell

Staff

Kevin Carter
Kim Christy
Tom Faddies
LaVonne Garrison
Lisa Schneider
Dave Hebertson
Ron Carlson
Doug Buchi
Wendy Petersen
Sonja Wallace
John Andrews
Will Stokes
Rodger Mitchell
Nannette Johnson

Others in Attendance:

Margaret Bird, Utah State Office of Education
Tim Donaldson, Utah State Office of Education
Charles Evans, University of Utah
Jonathan Bates, University of Utah
Tyler Slack, Utah PTA
John Baza, DNR Oil, Gas and Mining
Brandon Loomis, Tribune Newspaper
Ryan Pleune, Citizen
Melanie Martin, Citizen

Index Item	Page Number
1. Welcome and Oath of Office for New Board Member	3
2. Approval of Board Minutes	3
3. Confirmation of Upcoming Meeting Dates	3
4. Chair's Report	
a. Status Conference - SITLA/RMP litigation	3
b. Beneficiary Report: School Trusts in 20 Western States	3
c. Appointment of Board Members to Subcommittees for 5-Year Planning Process	4
5. Director's Report	
a. Public Discussion	4
b. Budget for Fiscal Year 2014 & Fiscal Year 2013 Supplemental.	5
c. Discussion on Establishing At-Will Positions	6
d. Director's Performance Evaluation [*Moved to the end of the agenda]	
6. Consent Calendar	7
Notification	
a. Fee Waiver Report	7
b. Ticaboo Commercial Sale	7
c. Proposed Negotiated Sale to Daggett Co. (PS8488, Daggett County Shooting Range Parcel)	7
d. Proposed Negotiated Sale to Carbon Co. (PS8489, Carbon County Shooting Range Parcel)	7
Follow-up after Six Months	
e. Ute Energy OBA on Mineral Interest in Boundaries of Uintah/Ouray Tribal Lands	7
* Director's Performance Evaluation	7

1. Welcome and Administering the Oath of Office for New Board Member

Chairman Dan Lofgren administered the Oath of Office to Mr. Thomas Bachtell as a new Board member. Following the oath, Mr. Bachtell provided a brief introduction of himself. Those who were not already aware learned Mr. Bachtell served as a member of the advisory committee who wrote the statute for the creation of SITLA. His professional history is in oil and gas and as an attorney running his own firm.

2. Approval of Board Minutes of June 28, 2012

The minutes were approved.

“I make a motion the Board approve the minutes of June 28, 2012.”

Ostler/Lekas Unanimously approved

Roll Call:

Dan Lofgren – yes	Dave Ure – yes
James Lekas – yes	Mike Mower – yes
Louis Cononelos – yes	Steve Ostler – yes
Tom Bachtell – yes	

3. Confirmation of Upcoming Meeting Dates

September 6	Salt Lake City [Canceled 8-22-12]
October 10 - 11	Board Tour-Moab - LaSal Mountains Meeting in Moab
November 8	Salt Lake City
December	No Meeting

Director Carter presented the conflicts with the current dates for the October Board tour and meeting in Moab. The Board determined due to conflicts with the state plane and hotels the October events will move to October 9 and 10. The Board and administration will drive to Moab Monday, October 8, tour the area on Tuesday, and hold a reception Tuesday evening. The Board and staff will return to Salt Lake City after conducting a Board meeting on Wednesday, October 10. Chairman Dan Lofgren and Board member Louie Cononelos will not be available to attend the October meeting and tour.

4. Chair’s Report

a. Status Conference - SITLA/RMP Litigation

Wendy Petersen reported that the Judge assigned to the district court case retired. All parties stipulated to a delay of the administrative proceedings for 60 days to give time for the appointment of a new judge.

b. The Beneficiary Report

Margaret Bird presented the report she provided to the Legislature the day before in an interim session. She reported on the state of the school trusts in 20 western states. Ms. Bird clarified the

4. Chairman's Report (Cont'd)
b. The Beneficiary Report (Cont'd)

difference in revenue sources from state to state. She expressed gratitude to the Board for commitment to the trust and the agency efforts to good management of trust land in Utah.

Chairman Lofgren mentioned the Board is fortunate to share in the credit for the hard work completed by staff.

c. Appoint Board to Subcommittees for 5-Year Planning Process

Director Carter reviewed the role of the Board in the five-year planning process. He presented both the agency recommendation for subcommittee appointments along with recommendations with consolidation outlined by Margaret Bird. Director Carter expressed support of the recommendations provided by Ms. Bird. The Board reviewed the information and adopted the recommendation with consolidation of the committees. Director Carter indicated members of the management team would contact designated Board members to set up meetings.

Committees	Board Members	Management Team	Beneficiaries
Oil, Gas, and Mining	Jim Lekas, Tom Bachtell, Louie Cononelos	* Tom Faddies, LaVonne Garrison	Tim Donaldson
Development	Dan Lofgren, Steve Ostler	*Doug Buchi	Margaret Bird
Surface	Dave Ure, Jim Lekas	*Kim Christy	Margaret Bird
Governmental Affairs, State, Local, and PR	Dan Lofgren, Mike Mower, Dave Ure	*Kevin Carter, Dave Hebertson	Margaret Bird
Finance, Technology and Auditing	Dane Lofgren, Steve Ostler	*Ron Carlson, Lisa Schneider, Jeff Roe	Tim Donaldson
Exchanges and Legal	Mike Mower, Tom Bachtell, Louie Cononelos	*John Andrews	Tim Donaldson

* indicates staff member responsible to coordinate committee meetings

5. Director's Report
a. Public Discussion

Ryan Pleune discussed extreme weather variations in Utah resulting from climate change. He asked the Board to consider three areas for collaboration with future decisions. The three areas of collaboration were outlined in a follow-up email from Mr. Pleune.

- 1) Increase royalty percentage for oil-shale and tar sands extraction.
- 2) Use the same contract time line to collaborate with conservation groups to lease those groups the lands that are currently under contract or being speculated on by Red Leaf Corporation, US Oil Sands Corporation and any other company attempting to develop oil shale and tar sands or any unconventional fossil fuel.
- 3) Write a letter to the Governor and state legislature stating that currently the money received from oil shale and tar sands is not a significant source of money for Utah public schools and therefore, a moratorium on oil-shale and tar sands extraction would not significantly affect funding for public schools.

Mr. Pleune concluded by thanking the Board for the time they allowed him to present.

5. Director's Report (Cont'd)

Director Carter introduced Charles Evan as the representative for the University of Utah and reported he announced his retirement. Mr. Evans introduced Jonathan Bates who will take on the responsibility Mr. Evans accomplished for many years. Chairman Lofgren expressed gratitude for the extraordinary service provided by Mr. Evans over many years.

At the request of Board Member Cononelos, Mr. Evans provided an overview of how funds are distributed through the University of Utah. He reported some funds go to the center for rehabilitation, some to the college of education and a percentage go to school of mines and some are used to support the bond system at the University. The funds are discretionary for use as needed. Utah State University may be handled differently from the University of Utah. Director Carter reported Utah State University uses funds to pay bonds and unlike the other beneficiaries, can use their granted lands for university purposes.

b. Budget for Fiscal Year 2014 & Fiscal Year 2013 Supplemental

Director Carter provided an overview of the supplemental request for FY 2013 along with the budget request for 2014. He asked the Board to consider the agency request for a one-time supplemental of \$400,000.00, an amount needed in addition to the existing land tenure funding to cover appraisal costs associated with the land exchanges. He also outlined the agency desire to request one-time funds of \$316,000.00 in the stewardship budget for EPA cleanup costs and \$150,000.00 for attorney fees related to pollution remediation efforts.

The Board asked for clarification on funds for EPA cleanup and attorney fees wondering if there is a consent decree. Director Carter reported the consent decree is complete. Tim Donaldson asked if attorney fees were originally to come from the stewardship budget. Lisa Schneider indicated the stewardship fund did not exist at the time. It is most appropriate the fees come from the stewardship fund now it is established.

Director Carter presented a map of the state with pie charts depicting 2012 wildfires divided by landownership to demonstrate the likely need for restoration due to fires. The estimate is for \$460,000.00 so far. The cost can increase with additional fires. Director Carter indicated these funds are most appropriate for use through a stewardship fund.

The Board approved the supplemental requests for the current budget.

“I move the Board approve the current fiscal year supplements as presented.”

Ostler/Lekas Unanimously approved

Roll Call:

Dan Lofgren – yes	Dave Ure – yes
James Lekas – yes	Mike Mower – yes
Louis Cononelos – yes	Steve Ostler – yes
Tom Bachtell – yes	

5. Director's Report (Cont'd)
b. Budget for Fiscal Year 2014 & Fiscal Year 2013 Supplemental (Cont'd)

Director Carter presented the budget request for fiscal year 2014 as the same budget the agency requested for fiscal year 2013. The Board approved the operating budget, stewardship budget and the capital budget as presented for fiscal year 2014.

"I make the motion the Board approve the budget for fiscal year 2014 as presented."

Ostler/Cononelos Unanimously approved

Roll Call:

Dan Lofgren – yes	Dave Ure – yes
James Lekas – yes	Mike Mower – yes
Louis Cononelos – yes	Steve Ostler – yes
Tom Bachtell – yes	

c. Discussion on Establishing At-Will Positions

Director Carter presented a list of schedule B positions in the agency along with a list of recommended salary ranges associated with converting the positions to at-will status. He explained if the Board chose to make the positions at-will, the employee would be able to choose if they want to convert to schedule AS or remain schedule B employees. When the position becomes vacant, replacement recruitment will be for an at-will employee.

Chairman Lofgren proposed the Board approve the conversion to at-will positions for the list of schedule B positions including the proposed pay ranges.

"I make the motion the Board approve conversion of positions to at-will status as proposed."

Ostler/Lekas Unanimously approved

Roll Call:

Dan Lofgren – yes	Dave Ure – yes
James Lekas – yes	Mike Mower – yes
Louis Cononelos – yes	Steve Ostler – yes
Tom Bachtell – yes	

d. Director's Performance Evaluation

The Board chose to address the consent calendar before the director's performance review. There were no comments for any consent, notification, or follow-up items.

6. Consent Calendar

There was no discussion on any of the items on the consent calendar.

Notification

a. Fee Waiver Report

No comments were provided

6. Consent Calendar (Cont'd)

b. Ticaboo Commercial Sale

No comments were provided

c. Proposed Negotiated Sale to Daggett County (PS8488, Daggett County Shooting Range Parcel)

No comments were provided

d. Proposed Negotiated Sale to Carbon County (PS8489, Carbon County Shooting Range Parcel)

No comments were provided

Follow-up After Six Months

e. Ute Energy OBA on Mineral Interest in Boundaries of Uintah/Ouray Tribal Lands

No comments were provided

Director's Performance Evaluation

The Board met in closed session to discuss this topic.

"I make the motion the Board go into closed session for the purpose of discussing the character and competence of an individual."

Ure/Ostler Unanimously approved

Roll Call:

Dan Lofgren – yes	Dave Ure – yes
James Lekas – yes	Mike Mower – yes
Louis Cononelos – yes	Steve Ostler – yes
Tom Bachtell – yes	

The Board went into closed session at 10:35 a.m.

Present in the closed session were the six Board members; Director Carter, Margaret Bird, and Tim Donaldson. Director Carter left closed session at 10:45 a.m. and rejoined the closed session at 11:15 a.m. The Board returned to open session at 11:35 a.m.

"I make the motion the Board return to open session."

Ostler/Lekas Unanimously approved

Roll Call:

Dan Lofgren – yes	Dave Ure – yes
James Lekas – yes	Mike Mower – yes
Louis Cononelos – yes	Steve Ostler – yes
Tom Bachtell – yes	

Upon motion by Mr. Lekas, the meeting adjourned at 11:40 a.m.